

## LNF & IHCIF Calculations Illustration

### **- HASKELL in Oklahoma area -**

#### Given Data

- 3,923 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 19% = % Expenditures on purchased services, 81% = % expenditures in-house
- 93.1% = Cost index for purchasing health care in this geographic area
- 116.1% = Size cost index for in-house costs due to small or large size
- 96.9% = Oklahoma area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$537 per person for purchased services =  $19\% * 93.1\% * \$2,980$
- \$2,791 per person for in-house services =  $81\% * 116.1\% * \$2,980$
- \$3,328 per person total = \$537 (purchase) + \$2,791 (in-house)
- **\$3,226 per person total** adjusted for health status =  $\$3,328 * 96.9\%$
- **\$2,481 per person net cost** =  $\$3,226 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 3,923 users excluding wrap-around and collections)

- \$711 per person = local IHS allowance (excludes \$ for wrap-around)
- \$77 per person = expenditures elsewhere in Oklahoma area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$842 per person for OU users** =  $\$711 + \$77 + \$54$

#### LNF Calculation

- **26.1% Gross LNF** =  $\$842$  (expenditures) /  $\$3,226$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **33.9% Net LNF** =  $\$842 / \$2,481$  net cost ( $\$3,226 - \$745$  other)

#### IHCIF Allocation

- \$2,535,541 = \$ to raise LNF% from 33.9% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$88,440 Allocation** =  $\$2,535,541$  needed for 60% \* 3.488% IHCIF fraction

#### HASKELL Unmet Needs

- **\$9,732,376 Net Total Need** = 3,923 users \* \$2,481 net cost
- **\$6,428,492 Net Unmet Need** =  $(100\% - 33.9\% \text{ LNF}) * 3,923 \text{ users} * \$2,481 \text{ net cost}$